

11732 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

Mr. AHART. Our monitoring of the work which has been done, and our discussions with the agencies concerned indicate to us that there is a serious intent to carry out the intent of our recommendations and the OMB recommendations. I think everybody is serious in this I think we are reasonably well satisfied with the progress that has been made to date.

I think this is a subject which has received study over a number of years. I think probably dating back to 1963, several studies have been made and I think this is the first time that any concerted effort following one of those studies has been undertaken.

And I think, Mr. Chairman, that we can count on them to carry through on it. And we will be back in touch with you if we do not think that they are.

Mr. GORDON. I have just one question. Your December 1973 report recommended coordinated action for buying and supplying drugs. The Office of Management and Budget is asking for a single system management.

Would you analyze the advantages and disadvantages of these two recommendations?

Mr. AHART. Well, I think, Mr. Gordon, that our recommendation perhaps was stated in a little bit broader terms in that sense than the OMB recommendation was. We saw the need for greater coordination. We also recognized the difficulties that the executive branch agency recognizes in trying to pull these activities together under a single agency, at least as a first shot.

I feel that their recommendation is consistent with ours. I think that the actions that are contemplated in response to that recommendation are responsive to our recommendations, and I think the kind of coordination which is needed should be able to be achieved under the system of management which is contemplated conceptually by the OMB recommendation and the actions taken to date.

The CHAIRMAN. Thank you very much, gentlemen, for your taking the time to come here today to testify.

Our next witness is Dr. Alexander Schmidt, Commissioner of the Food and Drug Administration. Please introduce those accompanying you for the reporter.

STATEMENT OF HON. ALEXANDER M. SCHMIDT, M.D., COMMISSIONER, FOOD AND DRUG ADMINISTRATION, ACCOMPANIED BY J. RICHARD CROUT, M.D., DIRECTOR, BUREAU OF DRUGS; THOMAS W. BROWN, DIRECTOR, COMPLIANCE COORDINATION AND POLICY STAFF, OFFICE OF ASSOCIATE COMMISSIONER FOR COMPLIANCE; PETER BARTON HUTT, CHIEF COUNSEL; ROBERT C. WETHERELL, DIRECTOR, OFFICE OF LEGISLATIVE SERVICES; BERNARD T. LOFTUS, BUREAU OF DRUGS; AND FRANCIS J. FLAHERTY, OFFICE OF ASSOCIATE COMMISSIONER FOR COMPLIANCE

Dr. SCHMIDT. Yes sir.

On my left is Peter Barton Hutt, the Chief Counsel for the Food and Drug Administration. On my immediate right is J. Richard Crout, Director of the Bureau of Drugs. On his right is Thomas